Contracting Processes
Part I, Below SAT

Chapter 5

Learning Objectives

Terminal Objectives

- **Complete the appropriate above and below SAP contract actions based on a given scenario**

Enabling Objectives

1. **Differentiate between declared and non-declared contingency contracting thresholds**
2. **Identify contracting dollar thresholds**
3. **Distinguish between contract types**
4. **Identify contractual instruments and appointed personnel in a contingency contracting environment**
5. **Identify elements in the PIIN log**

Simplified Acquisition Procedures

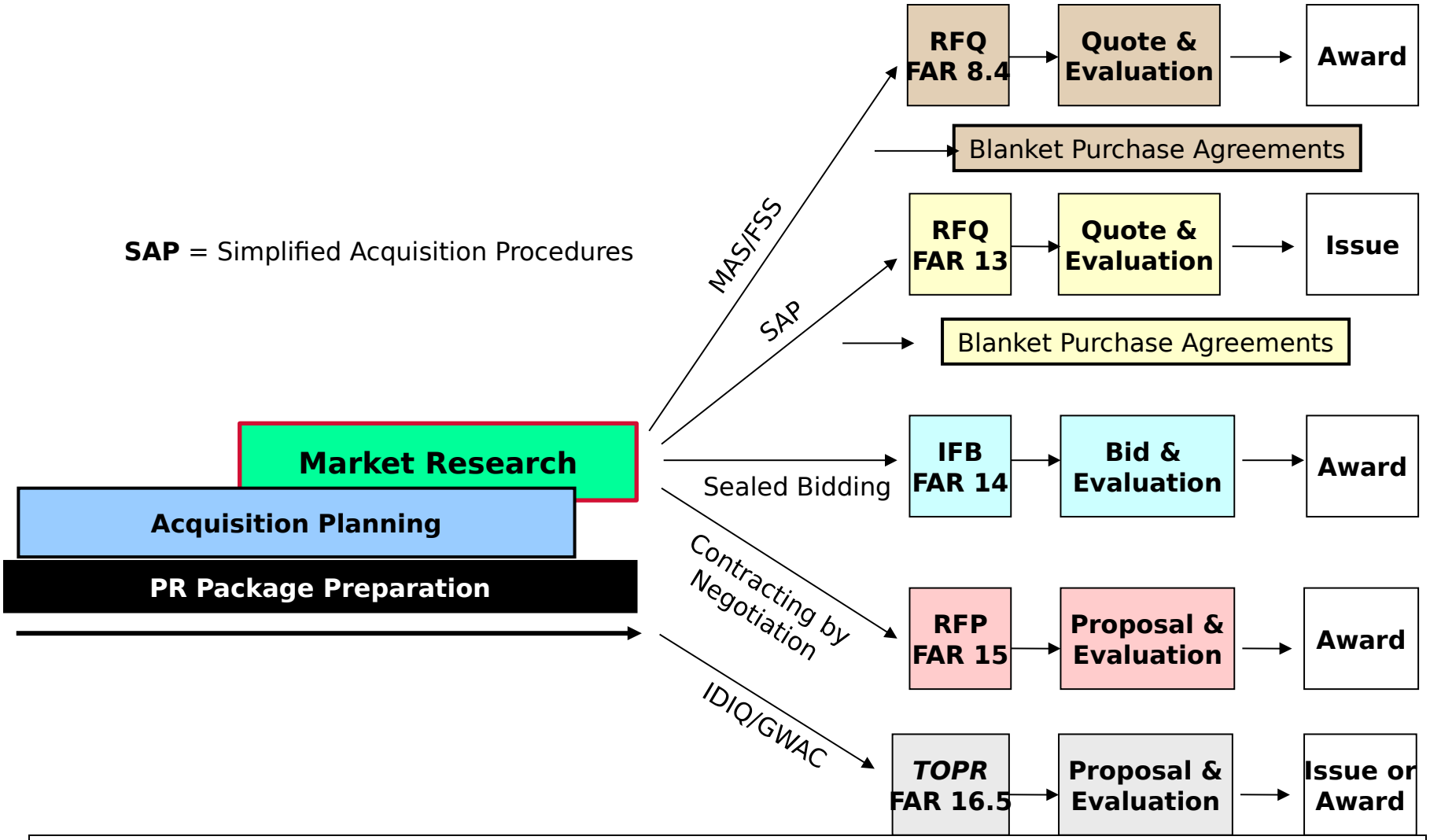
- The declaration of a contingency triggers invocation of 10 U.S.C 2302(7) which raises the simplified acquisition threshold (SAT)
  - $300,000 for any contract to be awarded and performed, or purchase to be made, inside the United States;
  - $1,000,000 for any contract to be awarded and performed, or purchase to be made, outside the United States

- http://farsite.hill.af.mil/vffara.htm

Dollar Thresholds

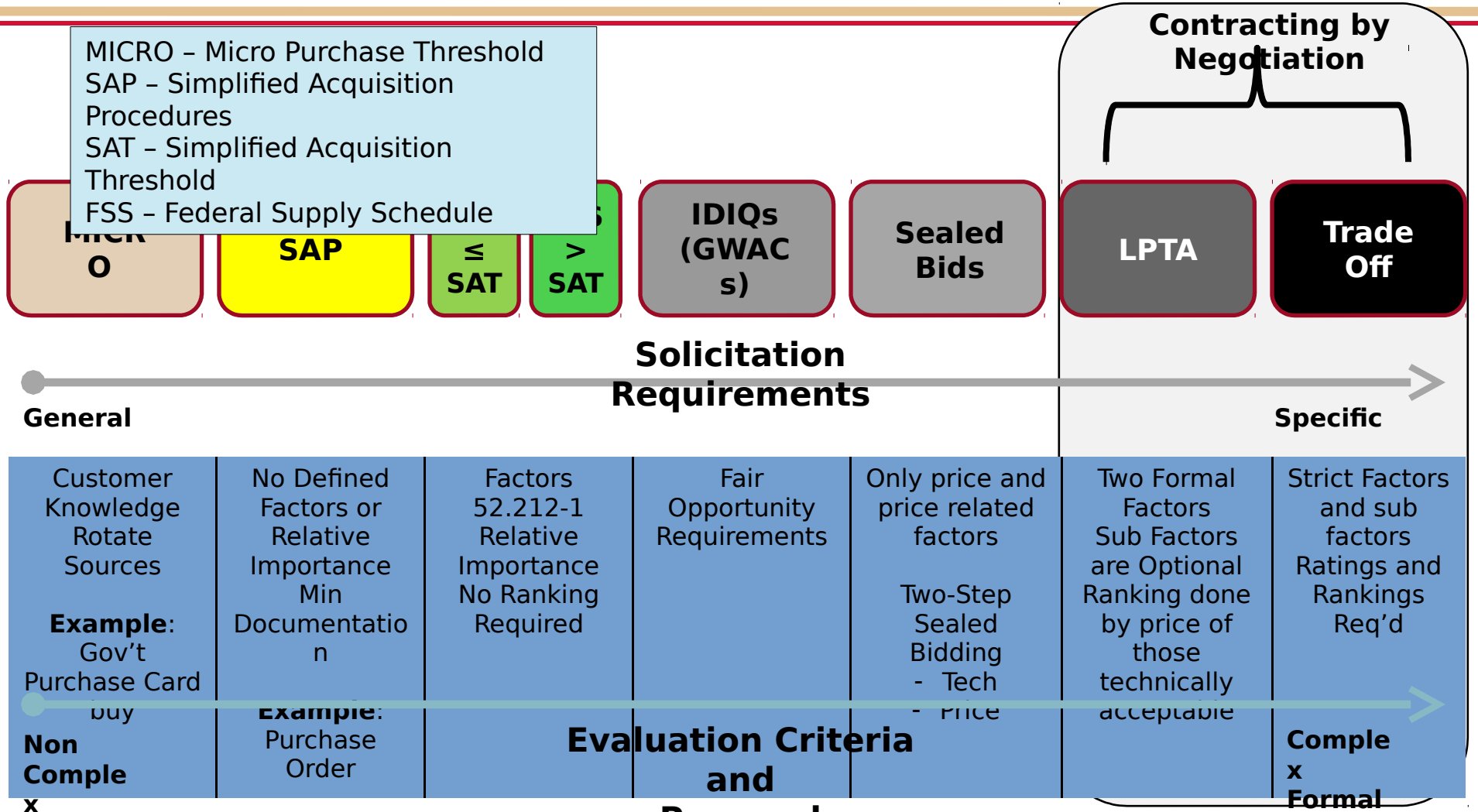
- **Micro-purchase $ 3,000**
  - **Construction $ 2,000**
  - **Services $ 2,500**
  - **Contingencies (CONUS) $ 15,000**
  - **Contingencies (OCONUS) $ 30,000**
- **Simplified Acquisition Threshold $ 150,000**
  - **Contingencies (CONUS) $ 300,000**
  - **Contingencies (OCONUS) $**

Acquisition Methods



Selecting a Source - Spectrum

MICRO – Micro Purchase Threshold
SAP – Simplified Acquisition Procedures
SAT – Simplified Acquisition Threshold
FSS – Federal Supply Schedule



Existing/Internal Sources First

Many supplies and services for any contingency operation will be obtainable through the logistics supply pipeline established for the operation. If you cannot order through supply in time, then exhaust the following before going out in town:

- Basic deployment kits/pre-positioned items
- Other Required Government Sources (FAR 8)
- Host Nation and Allied Forces Supply Sources
- Inter-Service Support Agreements (ISSAs)
- Coalition Partners

Simplified Acquisition Procedures

Once it is determined that contingency contracting is the chosen method, for the most part it can be accomplished through the procedures of the FAR Part 13.

Competition Requirements Under SAP

The CCO must promote competition to the maximum extent practicable to obtain supplies and services from the source whose offer is fair and reasonable and most advantageous to the Government

What contract vehicle will this be?

Limitations & Exceptions

- **Full and Open Competition (FAR 6.101)**
- **Other Than Full and Open Competition. (FAR 6.302)**
- **Justification and Approval for Other than Full and Open Competition (FAR 6.303)**
- **Publication of Contract Actions (FAR 5.002)**
- **Synopsis of Requirements (FAR 5.202)**
- **Test Program for Commercial Items (FAR 13.5)**

Limitations & Exceptions Con't

- Price Negotiations (FAR 15.405)
- Foreign Acquisitions (FAR 25)
- Buy American Act (FAR 25.001)
- Balance of Payments Program (DFARS 225.75)
- Trade Agreements Act (FAR 25.4)
- Payment in Local Currency (FAR 25.1002)
- Choice of Law (DFARS 252.233-7001)
- Berry Amendment (DFARS 225-7002-1)

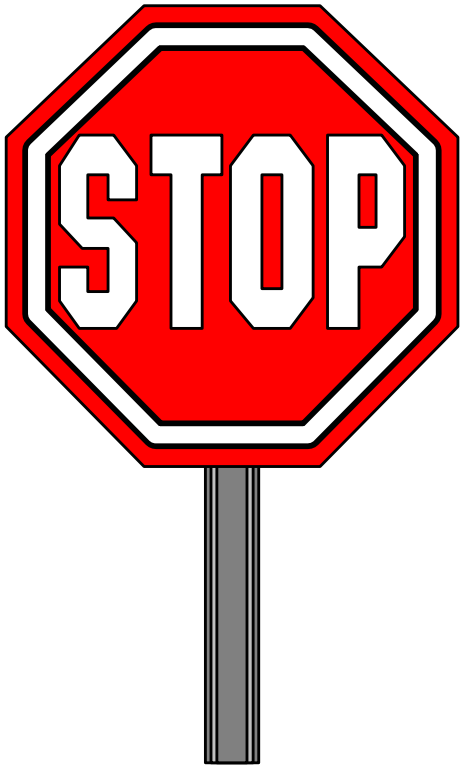
Government Commercial Purchase Card

Government Commercial Purchase Card (GCPC)

- Transaction limit $3,000 (US)
- Transaction limited to SAT (Declared Contingency)
- Up to SAT for GSA Federal Supply Schedules
- Up to SAT as payment method in conjunction with other purchase methods

GCPC Prohibited Uses

- Incrementation (splitting requirements)
- Cash advances
- Rental/Lease of real estate
- Telecommunications
- Service specific prohibitions
  - For example: Navy restrictions on construction

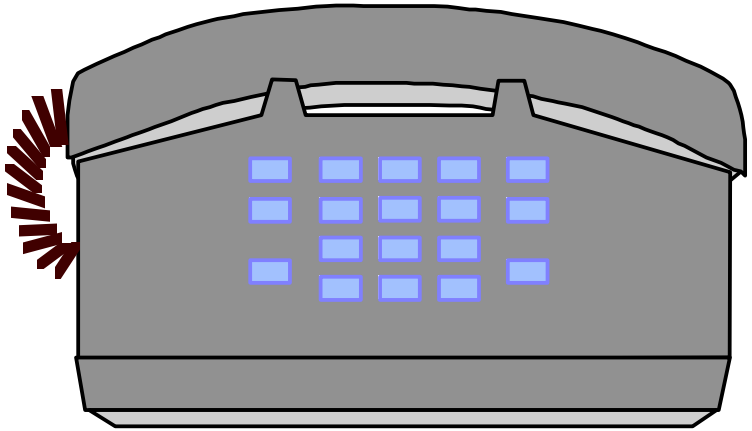


The Purchase Order

- SF 44/DD1155/SF1449
- Self-contained
- One-time contract
- Individual transactions limited to SAT

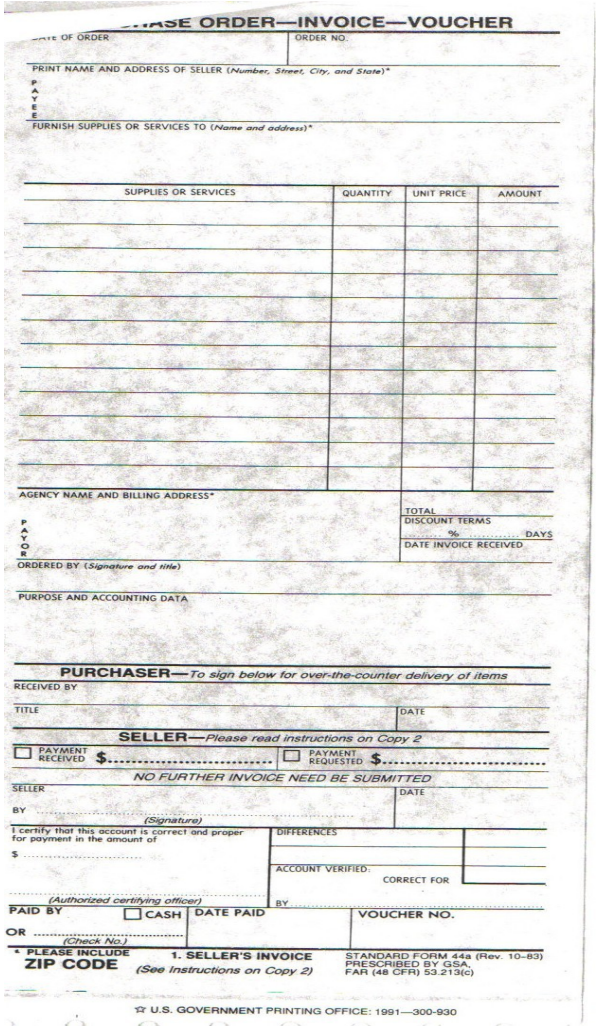
Blanket Purchase Agreements (BPA)

- Not a contract
- Advance agreement regarding prices and delivery terms
- Each BPA call has the same legal effect as a PO and must be funded
- Two types:
  - Centralized purchasing actions
  - Decentralized (ordering officers)



Standard Form 44 (SF44)

- Multipurpose form
- Transaction limit $3,000*
- Up to SAT for “urgent and compelling” or “declared contingency”
- Supplies must be immediately available
- One delivery, one payment
- 3-in-1 Tool



...ASE ORDER—INVOICE—VOUCHER

...TE OF ORDER | ORDER NO.

PRINT NAME AND ADDRESS OF SELLER (Number, Street, City, and State)*

PAYEE

FURNISH SUPPLIES OR SERVICES TO (Name and address)*

SUPPLIES OR SERVICES	QUANTITY	UNIT PRICE	AMOUNT

AGENCY NAME AND BILLING ADDRESS*

TOTAL

DISCOUNT TERMS

...% ..... DAYS

DATE INVOICE RECEIVED

PAYOR

ORDERED BY (Signature and title)

PURPOSE AND ACCOUNTING DATA

PURCHASER—To sign below for over-the-counter delivery of items

RECEIVED BY

TITLE | DATE

SELLER—Please read instructions on Copy 2

☐ PAYMENT RECEIVED $..... ☐ PAYMENT REQUESTED $.....

NO FURTHER INVOICE NEED BE SUBMITTED

SELLER | DATE

BY ..... (Signature)

I certify that this account is correct and proper for payment in the amount of

$ .....

DIFFERENCES

ACCOUNT VERIFIED. CORRECT FOR

(Authorized certifying officer) BY

PAID BY ☐ CASH | DATE PAID | VOUCHER NO.

OR ..... (Check No.)

* PLEASE INCLUDE ZIP CODE

1. SELLER'S INVOICE (See Instructions on Copy 2)

STANDARD FORM 44a (Rev. 10-83) PRESCRIBED BY GSA, FAR (48 CFR) 53.213(c)

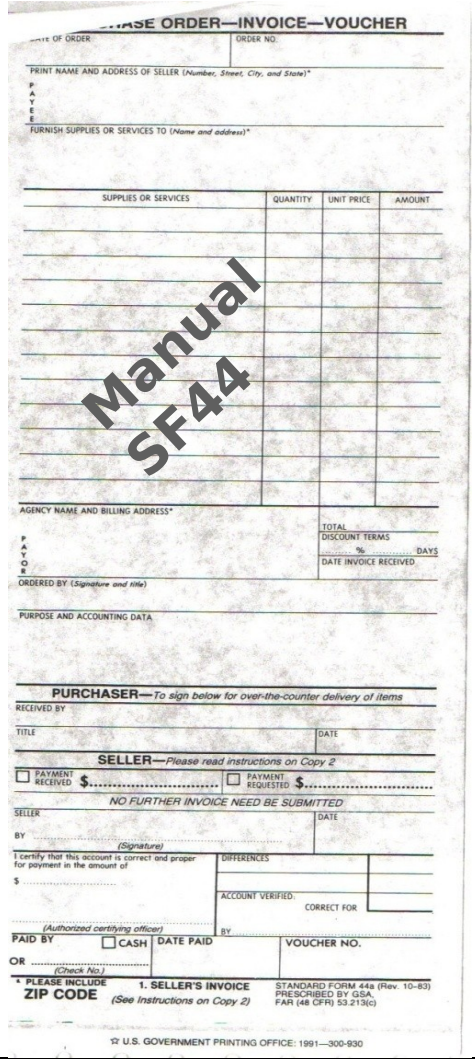
☆ U.S. GOVERNMENT PRINTING OFFICE: 1991—300-930

Automated SF44 (3-in-1 Tool)

- Use paper SF44 plus Excel, Word, home-grown systems, and manual processes
- Not designed for in-theater: illegible, cumbersome, and inefficient
- No joint standard contingency contracting tool
- Process thousands of handwritten SF44s per month (local and remote)
- Time-consuming rework of erroneous SF44s

Adverse Impacts

- Wasted dollars and huge manpower burden on deployed force
- Inability to leverage, analyze, and share data
- Discrepancies/errors hinder relations with local vendors and ability to buy supplies



Imprest Funds

- Transaction limit $500
- Increases to $2,500 in a contingency
- Simultaneous order placement and item delivery
- No detailed specs or technical inspections

Third Party Drafts

- Same rules as Imprest Fund, except:
  - Transaction limit $2,500
  - Increase only as authorized via Treasury restrictions
  - Usually check (not cash) transaction

Decentralized Purchasing Programs

- Field Ordering Officers (FOOs)
- Ordering Officers (OOs)
- BPA Authorized Callers
- Contracting Officer Representatives (COR)

These Personnel can be Force Multipliers for the CCO

Field Ordering Officers (FOO)

- Military or civilian who authorized to purchase items valued no more than the micro-purchase threshold under the supervision of a Contracting Officer
  - Allows unit representative to make small purchases while unit is deployed when merchant won't accept credit card
- Commanders request appointments for a specific period to buy specific items for a specific mission
- Contracting Officer appoints and trains Ordering Officer
  - Standards of conduct, SF 44 process, and ROEs
- Accounting & Finance Office (AFO) provides a Disbursing Agent or delegates responsibility to a

Ordering Officers

- Soldier or DOD civilian authorized to purchase items valued less than the micro-purchase threshold under supervision of a contracting officer
- Allows unit rep to make micro purchases while deployed when merchant won't accept credit card
- BPA Authorized Callers

Unauthorized Purchases

- Anything prohibited in your Letter of Appointment
- State and local taxes
  - (Exemption Letter provided at time of Appointment)
- Ammo or explosives
- Personal services
- Exceeding the amount on your funding document

Additional Unauthorized Purchases

- Construction not within authorized limits
- No Splitting requirements to avoid threshold
- Purchases requiring more than one delivery or one payment (only over the counter transactions). Date of receipt must always match date of order

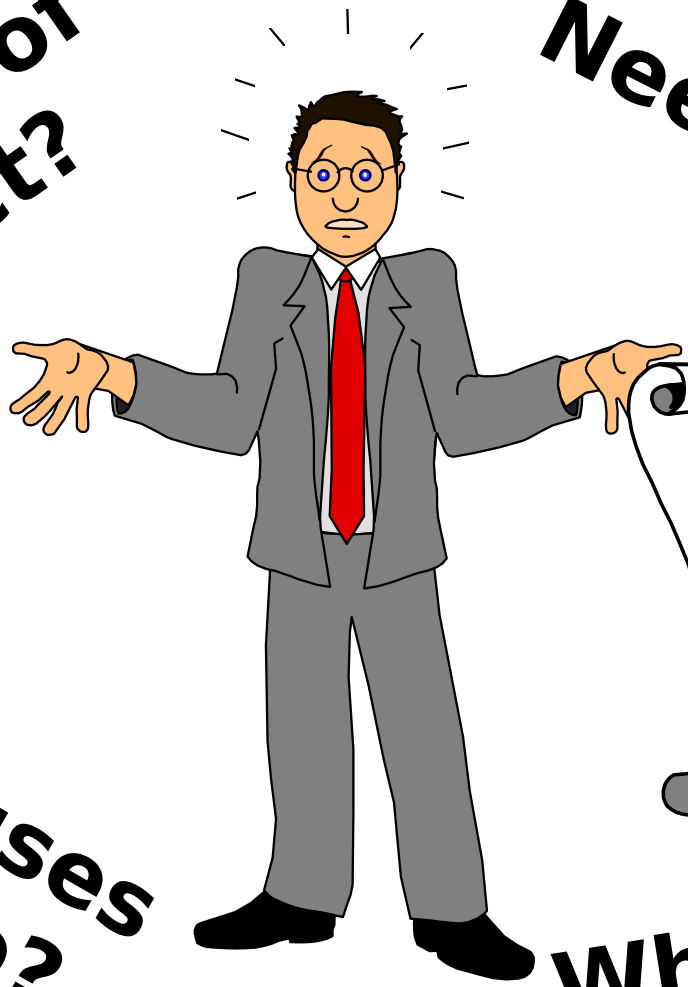
Making unauthorized purchases can lead to termination as OO, UCMJ discipline, and paying personally for items

Other SAP Options

- **Letter Contracts ?**
- **Time & Materials ?**
- **Labor Hours ?**
- **Unpriced Purchase Orders ?**
- **Options ?**

What are the risks?

Writing the Contract Action



What Type of Contract?

Need J&A or D&F?

What Clauses to Include?

What's in a BPA?

Keeping Track of Contract Actions

Establishing and maintaining accurate *PIIN Logs* in accordance with DFARS 204.70 is essential in the contingency environment

A well thought out PIIN log can also be used to capture and track other key data: purchase request number; dollar value of request and award; delivery data; payments, etc.

PIIN Assignment

ITEM	POSITION
Activity Address Code	1 – 6
Fiscal Year (FY)	7 – 8
Type of Instrument	9
Serial Number	10 – 13
Amendments, Modifications, Call or Order Numbers (Supplemental PIINs)	4 to 6 Alpha-Numeric

N00062-12-D-0001

Contracting Unit DoDAAC | **Fiscal Year** | **Proc Type** | **Serial Number**

Practical Exercise, Part I

- **Contractual Instruments Under the SAT**
- **Each team must turn in completed forms**
- **This is a graded exercise – see exercises for point values (assign PIIN and Point POCs)**